GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4200
ANSWERED ON:04.05.2007
WAIVING OFF INTEREST ON AGRICULTURAL LOANS
Reddy Shri Mekapati Rajamohan

Will the Minister of FINANCE be pleased to state:

(a) whether the Government of Andhra Pradesh has urged the Union Government to extend the interest waiver on agricultural loans as a part of Prime Minister`s Vidarhha type package to all fanners in the 16 districts of the State;

(b) if so, whether a delegation of Members of Parliament has recently submitted a memorandum 1:0 the Union Government in this regard;

(c) if so, the details thereof, and

(d) the reaction of the Government thereto?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) & (b) : The Government of Andhra Pradesh and various other dignitaries including Members of Parliament have requested for providing relief of interest waiver on agricultural loans that were rescheduled in the year 2004 and had not become overdue on 1st July 2006.

(c) & (d) : On June 18, 2004 Government of India had announced a package for the farmers which, among other things, included a package of relief for farmers in distress, which, inter-;dia, provided that their outstanding as on 31.03.2004 alongwith interest be re scheduled and the interest for the period of moratorium i.e. up to 2007 be also deferred and be repayable over a 3 year period beginning 2007. By this restructuring, trie farmers became eligible for fresh credit.
The rehabilitation package announced for the 16 debt stressed districts of Andhra Pradesh covers the loans of all farmers in these districts which were overdue on 01.07.2006. The fanners, who have been given the benefit of relief as announced in 2004 are also eligible for relief under the current package in case the fresh loans provided to them have become overdue. If fresh loans availed by these farmers after the reschedule dent of 2004 have become overdue, then interest on them has also been waived off. The loans (rescheduled in 2004) are not overdue as on 01.07,2006 and thus Â£ire not eligible for relief. The fanners whose Joans were rescheduled in 2004 have already been provided a relief of moratorium as also fresh lending has been provided to them which otherwise they would not have been eligible for. Having been provided relief once under the 2004 package, it was not considered appropriate to include them in the present package.